Non-Resident Indian Businessmen, NRI investor forums and other Bodies containing suggestions for further improvement in the investment environment through tax incentives, simplification of procedures/approval requirements for investment in India. Taking into consideration the concerns expressed, the following initiatives have been announced by the Government in the Budget for the financial year 1999-2000 to boost investments by NRIs and other foreign investors:

(i) Extension of the facility of automatic approval route of the RBI to investments upto 100% by NRIs/OCBs for all items, except:

— those which attract notified FDI equity caps;

— items requiring compulsory licensing; and

— items reserved for public sector;

— items reserved for small-scale sector.

(ii) Permission to opening of Trading terminals of major stock exchanges abroad to facilitate participation of NRIs in the Indian capital markets.

(iii) Simplification of the existing RBI approval mechanism for NRI investments in Indian mutual funds to a post-facto reporting mechanism.

(iv) Creation of a Foreign Investment implementation Authority within the Ministry of Industry to ensure quick translation of FDI approvals into actual inflows.

(v) Wherever FIPB clearance is required, decision to be given within 30 days.

(vi) Expansion of the list of activities for automatic approval covering important industrial and service sectors to ensure hassle free flow of Foreign Direct investments.

A suggestion for abolition of tax deduction at source in respect of the proceeds of non-repatriable investments that are credited to Non-Resident Ordinary (NRO) Bank Accounts of NRIs, was examined and found not feasible to implement.

Efforts of CBDT to Bail out Japanese MNCs

2258. SHRI P. PRABHAKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether as reported in 'The Hindu', dated the 16th February, 1999, it is a fact that Central Board of Direct Taxes (CBDT) is making hectic efforts to bail out some Japanese multi-national companies found guilty of evading massive taxes;

(b) if so, the details thereof and the reasons therefor; and

(c) whether this step is lowering the morale of some domestic companies which are facing stringent action for similar offence?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) No, Sir.

(b) and (c) During certain surveys carried out by the Income Tax Department, it was found that certain foreign companies were paying a substantial part of the salaries and the allowances to their ex-partiate employees abroad, on which the requisite taxes were not being deducted. All such companies which were surveyed, and many other companies who have come voluntarily, declared these amounts as a result which a total of Rs. 484 crores of tax and interest became due. Out of this amount Rs. 478 crores has already been recovered. All such cases, whether belonging to foreign companies or to domestic companies, will be dealt with in accordance with the provisions of the Income Tax Act, 1961.